

CENTRAL INTELLIGENCE AGENCY

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INFORMATION REPORT

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COUNTRY	USSR (Far East)/China	REPORT NO.	
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1. there had been a major policy difference in 1945 and 1946 concerning the best manner of exploiting reparations material received from Manchuria and East Germany. There was a faction high in the Soviet Government (the so-called "New Group" in the Politburo), headed perhaps by Voznesenskiy, that favored leaving the reparations materials where they were because native labor in Manchuria and East Germany was better qualified to operate the tools and to keep the factories producing effectively for the overall good of the Soviet economic bloc. Zhdanov may have belonged to this faction, but Mikoyan did not.
2. Stalin himself headed the group that disagreed with this "soft" policy. The reparations goods were ordered confiscated, and it was common knowledge in Moscow that the Soviet occupation forces in Manchuria and East Germany were beside themselves in a rush to grab all the reparations material they could as quickly as possible. The grab proved to be a big mistake because 30 to 40 percent of the loot could not be adapted for use in the USSR or because the USSR could not provide sufficient qualified labor to operate the machines. Besides the lack of technology, Soviet bureaucracy and its attendant lack of initiative blocked the effective exploitation of the confiscated material.
3. As late as 1948, the following material taken from Manchuria in 1945-1946 rusting on station platforms at the major towns and cities along the Trans-Siberian Railway: lathes, drill-presses, milling machines, and small presses. The machinery was completely exposed to the weather, without the benefit of new paint, tarpaulins, or even roofs over the station platforms.

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4. [] goods confiscated from the Germans standing idly on railway platforms on the line from Moscow to the Caucasus from 1947-1949.
5. Prior to and as of 1949, there were differences in opinion between the Soviets and the Chinese Communists as to the management policy of the main rail lines in Manchuria. However, [] no additional information on this topic, nor on the relationship between the Soviets and Chinese in governing and operating the area of Manchuria.

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